

FISCAL NOTE
SB 616 - HB 934

February 23, 2007

SUMMARY OF BILL: Includes school art supplies with a sales price of \$100 or less per item as items exempt from sales tax during the annual sales tax holiday.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$112,000

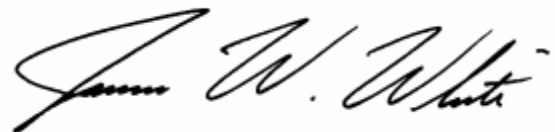
Decrease Local Govt. Revenues - \$36,000

Assumptions:

- According to the Department of Revenue, and based from data obtained as a result of the first sales tax holiday, school supplies accounted for approximately 10% of the total consumer savings of \$14.8 million (state and local sales tax).
- The current state sales tax rate is 7.0%.
- The local option sales tax rate is estimated to average 2.25%.
- Taxable sales of school supplies that occurred during the sales tax holiday is estimated to be \$16,000,000 $(\$14,800,000 \times 10\%) \div (7.0\% + 2.25\%) = \$16,000,000$.
- Based from U.S. Census Bureau data, the art supply market is estimated to be approximately 10% of the school supply market.
- Taxable sales of school art supplies is estimated to be \$1,600,000 per year $(\$16,000,000 \times 10\% = \$1,600,000)$.
- The decrease to state revenues is estimated to be \$112,000 per year $(\$1,600,000 \times 7.0\% = \$112,000)$.
- The decrease to local government revenues is estimated to be \$36,000 per year $(\$1,600,000 \times 2.25\% = \$36,000)$.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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